

House File 2384 - Introduced

HOUSE FILE 2384
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO HSB 576)

A BILL FOR

1 An Act concerning the Iowa public employees' retirement system
2 and including effective date and retroactive applicability
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 97B.1A, subsection 5, Code 2014, is
2 amended to read as follows:

3 5. "*Beneficiary*" means the person or persons who are
4 entitled to receive any benefits payable under this chapter
5 at the death of a member, if the person or persons have been
6 designated on a form provided by the system and filed with the
7 system or designated pursuant to a qualified domestic relations
8 order on file with the system. If no such designation is in
9 effect at the time of death of the member or if no person so
10 designated is living at that time, then the beneficiary is the
11 estate of the member.

12 Sec. 2. Section 97B.1A, subsection 8, paragraph b,
13 subparagraph (7), Code 2014, is amended to read as follows:

14 (7) Employees of an area agency on aging, ~~if as of July~~
15 ~~1, 1994, the agency provides for participation by all of its~~
16 employees who were participating in an alternative qualified
17 plan pursuant to the requirements of the federal Internal
18 Revenue Code on June 30, 2012, and who by September 1, 2013,
19 filed with the system a valid decision to elect out of coverage
20 under this chapter.

21 Sec. 3. Section 97B.1A, subsection 14A, Code 2014, is
22 amended to read as follows:

23 14A. "*Member account*" means the account established for each
24 member and includes the member's accumulated contributions and
25 the member's share of the accumulated employer contributions as
26 provided in section 97B.53. ~~"Member account" does not mean the~~
27 ~~supplemental account for active members.~~

28 Sec. 4. Section 97B.1A, subsection 22A, Code 2014, is
29 amended by striking the subsection.

30 Sec. 5. Section 97B.7A, subsection 5, Code 2014, is amended
31 to read as follows:

32 5. *Travel*. In the administration of the investment of
33 moneys in the retirement fund, employees of the system and
34 members of the board may travel outside the state for the
35 purpose of meeting with investment firms and consultants and

1 attending conferences and meetings to fulfill their fiduciary
2 responsibilities. ~~This travel is not subject to section~~
3 ~~8A.512, subsection 2.~~

4 Sec. 6. Section 97B.44, Code 2014, is amended to read as
5 follows:

6 **97B.44 Beneficiary.**

7 1. Each member shall ~~designate~~, on a form to be furnished
8 by the system or through a qualified domestic relations order
9 on file with the system, designate a beneficiary for death
10 benefits payable under this chapter on the death of the member.
11 The designation may be changed from time to time by the member
12 by filing a new designation with the system. A designation
13 or change in designation made by a member on or after July
14 1, 2000, shall contain the written consent of the member's
15 spouse, if applicable. The designation of a beneficiary is not
16 applicable if the member receives a refund of all contributions
17 of the member. If a member who has received a refund of
18 contributions returns to employment, the member shall file a
19 new designation with the system.

20 2. If a member has not designated a beneficiary ~~on a form~~
21 ~~furnished by the system as provided by this section~~, or if
22 there are no surviving designated beneficiaries of a member,
23 death benefits payable under this chapter shall be paid to the
24 member's estate.

25 3. ~~However, the~~ The system may accept a married member's
26 designation or change in designation under this section without
27 the written consent of the member's spouse if the member
28 submits a notarized statement indicating that the member has
29 been unable to locate the member's spouse to obtain the written
30 consent of the spouse after reasonable diligent efforts. The
31 member's designation or change in designation shall become
32 effective upon filing the necessary forms, including the
33 notarized statement, or orders, with the system. The system
34 shall not be liable to the member, the member's spouse, or
35 to any other person affected by the member's designation or

1 change of designation, based upon a designation or change of
2 designation accomplished without the written consent of the
3 member's spouse.

4 Sec. 7. Section 97B.46, subsection 2, Code 2014, is amended
5 to read as follows:

6 2. A member remaining in service after attaining the age
7 of seventy years is entitled to receive a retirement allowance
8 under sections 97B.49A through ~~97B.49H~~ 97B.49G, as applicable,
9 without terminating employment.

10 Sec. 8. Section 97B.48, subsection 4, Code 2014, is amended
11 to read as follows:

12 4. Payment of a member's retirement allowance pursuant to
13 sections 97B.49A through ~~97B.49H~~ 97B.49G shall commence no
14 later than the required beginning date specified under section
15 401(a)(9) of the federal Internal Revenue Code regardless of
16 whether the member has submitted the appropriate notice to
17 receive an allowance. If the lump sum actuarial equivalent
18 under subsection 1 could have been selected by the member,
19 payments shall be made in a lump sum rather than as a monthly
20 allowance.

21 Sec. 9. Section 97B.49B, subsection 1, paragraph e, Code
22 2014, is amended by adding the following new subparagraph:

23 NEW SUBPARAGRAPH. (13) A person other than a deputy
24 sheriff, jailer, or detention officer who is employed by a
25 sheriff to provide courthouse security services or prisoner
26 transportation duties, is required as a condition of employment
27 to carry a firearm and has been professionally trained and
28 qualified in the use of any firearm in connection with the
29 individual's duties, is required and authorized under limited
30 circumstances to perform law enforcement duties that may
31 include but are not limited to detaining persons, taking
32 persons into custody, making arrests, transporting or providing
33 custody and care for those persons under the sheriff's control,
34 and is a certified Iowa peace officer, has Iowa reserve
35 peace officer certification, or has equivalent peace officer

1 training.

2 Sec. 10. Section 97B.49F, subsection 2, Code 2014, is
3 amended by striking the subsection.

4 Sec. 11. Section 97B.50A, subsection 1, paragraph b, Code
5 2014, is amended to read as follows:

6 *b. "Net disability retirement allowance" means the amount*
7 *determined by subtracting the amount paid during the previous*
8 *calendar year by the member for health insurance or similar*
9 *health care coverage for the member and the member's dependents*
10 *from the amount of the member's disability retirement*
11 *allowance, including any dividends and distributions from*
12 *supplemental accounts, paid for that year pursuant to this*
13 *section.*

14 Sec. 12. Section 97B.50A, subsection 9, Code 2014, is
15 amended to read as follows:

16 9. *Medical board.* The system shall designate a medical
17 board to be composed of ~~three~~ a physician or physicians from
18 the university of Iowa hospitals and clinics who shall arrange
19 for and pass upon the medical examinations required under
20 this section and shall report in writing to the system the
21 conclusions and recommendations upon all matters duly referred
22 to the medical board. Each report of a medical examination
23 under this section shall include the medical board's findings
24 as to the extent of the member's physical or mental impairment.
25 Except as required by this section, each report shall be
26 confidential and shall be maintained in accordance with the
27 federal Americans With Disabilities Act, and any other state
28 or federal law containing requirements for confidentiality of
29 medical records.

30 Sec. 13. Section 97B.52A, subsection 1, paragraph c,
31 subparagraph (2), subparagraph division (b), Code 2014, is
32 amended to read as follows:

33 (b) For a member whose first month of entitlement is
34 July 2004 or later, but before July ~~2014~~ 2016, covered
35 employment does not include employment as a licensed health

1 care professional by a public hospital. For the purposes of
2 this subparagraph, "*public hospital*" means a hospital licensed
3 pursuant to chapter 135B and governed pursuant to chapter 145A,
4 347, 347A, or 392.

5 Sec. 14. Section 97B.53, Code 2014, is amended by adding the
6 following new subsection:

7 NEW SUBSECTION. 11. A request for a refund under this
8 section made by a member who is married requires the written
9 acknowledgment of the member's spouse. However, the system
10 may accept a married member's request for a refund under this
11 section without the written acknowledgment of the member's
12 spouse if the member submits a statement affirming that after
13 reasonable diligent efforts the member has been unable to
14 locate the member's spouse to obtain the written acknowledgment
15 of the spouse. A married member's request for a refund under
16 this section shall become effective upon filing the necessary
17 forms, or including the affirmation if applicable, with the
18 system. The system shall not be liable to the member, the
19 member's spouse, nor to any other person affected by the
20 member's request for a refund based upon a request for a refund
21 accomplished without the written acknowledgment of the member's
22 spouse.

23 Sec. 15. Section 97B.53A, Code 2014, is amended to read as
24 follows:

25 **97B.53A Duty of system.**

26 Upon a member's termination of covered employment prior to
27 the member's retirement, the system shall send the member by
28 first class mail, to the member's last known mailing address,
29 a notice setting forth the balance and status of the member's
30 account ~~and supplemental account~~ and an explanation of the
31 courses of action available to the member under this chapter.

32 Sec. 16. Section 97B.53B, subsection 1, paragraph d,
33 subparagraph (1), subparagraph division (a), Code 2014, is
34 amended to read as follows:

35 (a) All or any portion of a member's account ~~and~~

1 ~~supplemental account.~~

2 Sec. 17. Section 97B.70, subsection 3, Code 2014, is amended
3 to read as follows:

4 3. Interest shall be credited to the accumulated
5 contributions and accumulated employer contributions accounts,
6 ~~and supplemental accounts of active members,~~ inactive vested
7 members, and, effective January 1, 1999, to inactive nonvested
8 members, until the quarter prior to the quarter in which the
9 member's first retirement allowance is paid or in which the
10 member is issued a refund under section 97B.53, or in which a
11 death benefit is issued.

12 Sec. 18. Section 97B.80, subsection 1, Code 2014, is amended
13 to read as follows:

14 1. a. For purposes of this subsection, "eligible member"
15 means as follows:

16 (1) For the period beginning July 1, 1992, and ending June
17 30, 2014, a vested or retired member who has one or more full
18 calendar years of covered wages.

19 (2) Beginning on or after July 1, 2014, a member vested by
20 service or a retired member who is vested by service and who
21 is within six months of the retired member's first month of
22 entitlement.

23 ~~b. Effective July 1, 1992, a vested or retired~~ An eligible
24 ~~member who has one or more full calendar years of covered wages~~
25 ~~and who at any time served on active duty in the armed forces of~~
26 ~~the United States, upon submitting verification of the dates~~
27 ~~of the active duty service, may make contributions to the~~
28 ~~retirement system for all or a portion of the period of time of~~
29 ~~the active duty service, in increments of one or more calendar~~
30 ~~quarters, and receive credit for membership service and prior~~
31 ~~service for the period of time for which the contributions are~~
32 ~~made.~~

33 Sec. 19. Section 97B.80C, subsection 1, Code 2014, is
34 amended by adding the following new paragraph:

35 NEW PARAGRAPH. 0a. "Eligible member" means as follows:

1 (1) Prior to July 1, 2014, a vested or retired member.

2 (2) Beginning on or after July 1, 2014, a member vested by
3 service or a retired member who is vested by service and who
4 is within six months of the retired member's first month of
5 entitlement.

6 Sec. 20. Section 97B.80C, subsection 2, paragraphs a, b, and
7 c, Code 2014, are amended to read as follows:

8 ~~a. A vested or retired~~ An eligible member may make
9 contributions to the retirement system to purchase up to the
10 maximum amount of permissive service credit for qualified
11 service as determined by the system, pursuant to Internal
12 Revenue Code section 415(n), the requirements of this section,
13 and the system's administrative rules.

14 ~~b. A vested or retired~~ An eligible member of the retirement
15 system may make contributions to the retirement system to
16 purchase up to a maximum of twenty quarters of permissive
17 service credit for nonqualified service as determined by the
18 system, pursuant to Internal Revenue Code section 415(n), the
19 requirements of this section, and the system's administrative
20 rules. ~~A vested or retired~~ An eligible member must have at
21 least twenty quarters of covered wages in order to purchase
22 permissive service credit for nonqualified service.

23 ~~c. A vested or retired~~ An eligible member may convert
24 regular member service credit to special service credit by
25 payment of the amount actuarially determined as necessary to
26 fund the resulting increase in the member's accrued benefit.
27 The conversion shall be treated as a purchase of qualified
28 service credit subject to the requirements of paragraph "a"
29 if the service credit to be converted was or would have been
30 for qualified service. The conversion shall be treated as
31 a purchase of nonqualified service credit subject to the
32 requirements of paragraph "b" if the service credit to be
33 converted was purchased as nonqualified service credit.

34 Sec. 21. Section 231.33, subsection 21, Code 2014, is
35 amended to read as follows:

1 21. Comply with all applicable requirements of the Iowa
2 public employees' retirement system established pursuant to
3 chapter 97B. ~~Notwithstanding any provision to the contrary,~~
4 ~~an employee of an area agency on aging that was enrolled in~~
5 ~~an alternative qualified plan prior to July 1, 2012, may~~
6 ~~continue participation in that alternative qualified plan in~~
7 ~~lieu of mandatory participation in the Iowa public employees'~~
8 ~~retirement system.~~

9 Sec. 22. Section 602.11115, subsection 2, Code 2014, is
10 amended to read as follows:

11 2. To commence coverage under the judicial retirement
12 system pursuant to article 9, part 1, effective July 1, 1984,
13 but to become an inactive member of the Iowa public employees'
14 retirement system pursuant to chapter 97B and remain eligible
15 for benefits under sections 97B.49A through 97B.49H 97B.49G for
16 the period of membership service under chapter 97B.

17 Sec. 23. Section 602.11116, subsection 2, Code 2014, is
18 amended to read as follows:

19 2. To commence membership under the judicial retirement
20 system pursuant to article 9, part 1, effective July 1, 1998,
21 but to become an inactive member of the Iowa public employees'
22 retirement system pursuant to chapter 97B and remain eligible
23 for benefits under sections 97B.49A through 97B.49H 97B.49G, as
24 applicable, for the period of membership service under chapter
25 97B.

26 Sec. 24. REPEAL. Sections 97B.49H and 97B.49I, Code 2014,
27 are repealed.

28 Sec. 25. EFFECTIVE UPON ENACTMENT. The following
29 provision or provisions of this Act, being deemed of immediate
30 importance, take effect upon enactment:

31 1. The section of this Act amending section 97B.1A,
32 subsection 8, paragraph b, subparagraph (7).

33 Sec. 26. RETROACTIVE APPLICABILITY. The following
34 provision or provisions of this Act apply retroactively to June
35 30, 2012:

1 1. The section of this Act amending section 97B.1A,
2 subsection 8, paragraph b, subparagraph (7).

3 2. The section of this Act amending section 231.33,
4 subsection 21.

5 EXPLANATION

6 The inclusion of this explanation does not constitute agreement with
7 the explanation's substance by the members of the general assembly.

8 This bill concerns the Iowa Public Employees' Retirement
9 System (IPERS).

10 Code sections 97B.1A(5) and 97B.44, concerning beneficiaries
11 under IPERS, are amended to provide that beneficiaries can be
12 designated through a qualified domestic relations order.

13 Code section 97B.1A(8)(b), defining employees who are not
14 covered under IPERS, is amended to provide that employees of an
15 area agency on aging who were participating in an alternative
16 retirement plan on June 30, 2012, and who elected out of IPERS
17 coverage by September 1, 2013, are excluded from coverage under
18 IPERS. A corresponding amendment is made to Code section
19 231.33, concerning area agencies on aging. These provisions
20 take effect upon enactment and apply retroactively to June 30,
21 2012.

22 Code section 97B.49B, concerning members in a protection
23 occupation, is amended to provide that persons employed
24 by a sheriff to provide courthouse security or prisoner
25 transportation duties who are required to carry a firearm, have
26 peace officer training, and are required to perform certain
27 law enforcement duties, are included within the protection
28 occupation category of IPERS.

29 Code section 97B.49F(2), establishing the favorable
30 experience dividend program for IPERS members who retired on or
31 after July 1, 1990, is stricken.

32 Code section 97B.49H, establishing active member
33 supplemental accounts, is repealed. The bill includes
34 corresponding amendments related to the repeal.

35 Code section 97B.49I, providing for a qualified benefits

1 arrangement, is repealed.

2 Code section 97B.50A(9), concerning the medical board
3 used for purposes of disability benefits for special service
4 IPERS members, is amended to allow IPERS to use one or more
5 physicians from the university of Iowa as the medical board.
6 Current law requires that the medical board consist of three
7 physicians from the university of Iowa.

8 Code section 97B.52A, concerning the determination of a
9 bona fide retirement under IPERS, is amended. Current law
10 allows, until July 2014, a person to retire, receive retirement
11 benefits, and to return to covered employment as a licensed
12 health care professional at a public hospital after one month
13 and still receive retirement benefits. Most retirees under
14 IPERS are not allowed to return to covered employment and
15 continue to receive retirement benefits until at least four
16 months after they retire. The bill extends the sunset of this
17 shortened period for licensed health care professionals from
18 July 2014 to July 2016.

19 Code section 97B.53, concerning refunds, is amended to
20 require a married IPERS member seeking a refund to submit
21 a written acknowledgment of the member's spouse to IPERS.
22 The bill provides that a married member may still receive
23 a refund if the member is unable to locate the spouse and
24 IPERS shall not be liable based upon a refund made without the
25 acknowledgment of the member's spouse.

26 Code section 97B.80, concerning the purchase of IPERS
27 service for military service, is amended to provide that only a
28 member vested by service or a retired member who is vested by
29 service and is within six months of the member's first month
30 of entitlement may make a service purchase under this Code
31 section. Currently, any vested or retired member, regardless
32 of how the member became vested, who has at least one year of
33 IPERS wages may make a service purchase at any time.

34 Code section 97B.80C, concerning purchases of permissive
35 service credit, is amended to provide that only a member

1 vested by service or a retired member who is vested by
2 service and is within six months of the member's first month
3 of entitlement may make a service purchase under this Code
4 section. Currently, any vested or retired member, regardless
5 of how the member became vested, may make a service purchase
6 under this Code section at any time.